



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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CONTACT: Heather Murphy (602) 542-0844

COMMISSION ISSUES ORDERS AGAINST SEVERAL INVESTMENT PROMOTERS

PHOENIX – The Arizona Corporation Commission took action against several businesses and individuals involved in the sale of unregistered securities, viatical policies and, in some instances, fraudulent sales of investment products.

Michael Lynn Bill, Beneficial Assistance, William R. Evans Chartered and Viatical Center

In the first of several actions, the Arizona Corporation Commission ordered insurance agent Michael Lynn Bill, 48, of Glendale to cease and desist in the fraudulent sale of unregistered viatical settlement contracts. The Commission ordered Bill to pay \$70,000 in restitution and over \$12,000 in penalties representing the amount of money Bill earned in commissions.

The Commission also issued orders against Beneficial Assistance and William R. Evans Chartered, both of Maryland, and Viatical Center, Inc. of Illinois. These three companies hired Bill to make the sales. The Commission fined the companies a total of \$12,500. Beneficial Assistance and Viatical Center have agreed to buy back the policies from investors for \$186,000. At least four Arizona investors purchased viaticals from Bill. Viatical investments are interests in the death benefits of a terminally ill person.

The Commission warns investors that viaticals are securities and the companies or individuals selling them must be registered with the Arizona Corporation Commission's Securities Division or have an exemption form on file with the agency. The fraudulent sale of viatical investments was listed as one of Arizona's top ten scams in 2001.

The Chamber Group and Joseph, Travis and Tyson Hiland

In another case involving the illegal sale of viaticals and other unregistered products, the Arizona Corporation Commission issued a final order against The Chamber Group, formerly based in Prescott and Mesa, and three of its sales agents, Joseph Hiland, Travis Hiland and Tyson Hiland. The Commission found that The Chamber Group and the Hilands committed securities fraud and securities registration violations in selling four different investment products: brokered certificates of deposit, viaticals, a tax lien investment program and a money voucher investment program.

The Commission ordered The Chamber Group and the Hilands, all Arizona insurance agents, to pay over \$16,265,853 in restitution to investors for the four investment programs. The Commission also assessed administrative penalties in the amount of \$133,100 for multiple violations of the Securities Act of Arizona and the Arizona Investment Management Act.

The Hilands have changed the name of their company and are now doing business in Prescott, Mesa and Las Vegas as Senior Life Asset Management, LLC. Under the Arizona Corporation Commission order, the company and its principals may not provide investment advisory services and are forbidden to sell unregistered securities.

Paul Meka, Larry Dunning, Creative Financial Funding, American Money Power, Federal Capital and Corporate Fiducial Services

In a third case, the Arizona Corporation Commission entered an order against Phoenix-based Creative Financial Funding, L.L.C., American Money Power (AKA Money Power), Federal Capital, L.L.C., Corporate Fiducial Services, Inc., Paul Meka of Scottsdale, and Larry Dunning of Paradise Valley, resolving the temporary cease and desist order filed against them on October 5, 2001. The companies and individuals raised over \$10.71 million from investors whose funds were used to lend money secured by real property.

Monthly payments are being paid to investors, but investors are still owed over \$7.9 million, plus interest. The Commission's order specifies that if the named parties fail to make payments according to conditions set forth in the order, the entire amount becomes due and payable as restitution.

Creative Financial Funding, L.L.C., Money Power, Federal Capital, L.L.C., Corporate Fiducial

Services, Inc. and Larry Dunning agreed to make quarterly reports to the division outlining the payments made and outstanding balances.

The four companies have agreed to pay \$25,000 in administrative penalties. Mr. Dunning has agreed to pay \$10,000 in administrative penalties and will not apply for registration as a dealer, salesman, investment advisor or investment advisor representative for a period of 5 years or until all restitution and penalties are paid in full. Mr. Meka has agreed to a \$5,000 administrative penalty.

“Fraudulent sales of investment programs by independent life insurance agents seems to be a recurring problem in Arizona,” Commission Chairman Bill Mundell said, commenting on the first two groups of cases. “The Commission filed several actions against life insurance agents in the summer of 2001 and will continue to aggressively investigate and put a stop to these kinds of transactions.”

Following up on the Chairman’s point, Commissioner Jim Irvin added: “Too frequently, independent life insurance agents are neither authorized to sell securities, nor in a position to properly investigate the merits of the investments they sell. Insurance agents need to go through the specialized training and obtain a license to sell investment products or stick to the insurance business.”

“Investors should be aware that the sale of investment products requires registration or a specific exemption to be filed with the Commission’s Securities Division,” explained Commissioner Marc Spitzer. “Consumers can call the Division at 602-542-4242 to check the registration status of an investment or sales representative. A quick phone call can be the added measure of protection for someone who is about to put their hard-earned money at risk in the investment arena.”

The Commission reminds the public that investing is a risky business. To check out an investment or salesperson, call the Securities Division at 602-542-4242, toll free outside Maricopa County at 1-877-811-3878, or visit the website at www.ccsd.cc.state.az.us.

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